

# **Illinois Secure Choice Helps Address Retirement Savings Crisis As Key Deadline For Small Businesses Approaches**

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**SPRINGFIELD** – Nearly 129,000 Illinois workers already are saving for retirement courtesy of the Illinois Secure Choice program, and now a key deadline is approaching for small employers to help even more employees do the same.

Under state law, businesses that had between 5 and 15 employees last year have until Nov. 1, 2023 to help their workers access a retirement savings option by either signing up for Illinois Secure Choice or offering a private retirement plan.

“There is a growing recognition that many workers understand that Social Security alone will not be enough to make ends meet after their working days are over,” said State Treasurer Michael Frerichs, whose office administers the program. “Illinois Secure Choice helps workers retire with dignity and confidence.”

The Illinois General Assembly created Secure Choice in 2015 and assigned the Illinois State Treasurer’s Office to help set up the program. Lawmakers assured employers they would not be responsible for investment decisions and barred them from contributing to a worker’s account. Lawmakers also assured workers their accounts would travel with them if they changed employers, and that they could opt out of participating in the program.

How Illinois Secure Choice works: The default option for program participants is to enroll in a target-date Roth IRA with a 5 percent contribution rate. Participants can choose to change their contribution level or fund option at any time. Participants contribute a portion of their paycheck to their IRA through a payroll deduction facilitated by their employer. Accounts are owned by individual participants and are portable from job-to-job. Investments are held in a separate trust outside the Illinois Treasury and managed by professional investment managers.

The law phased in employer onboarding by employer size, starting with companies of 500 or more employees when the program launched in 2018. The deadline for the final onboarding group, Wave 5, employers with five or more employees, is Nov. 1, 2023.

Wave 5 represents a huge opportunity to get more Illinois workers saving for retirement because the retirement savings gap is biggest among employees of small businesses. It’s the segment of employers that typically has the most difficulty in offering a private plan.

About 40 percent of the state’s private-sector workers do not have access to an employer-sponsored retirement plan. Those numbers are even higher for those at small businesses. Among businesses with 10-24 employees, nearly 59 percent of workers aren’t covered by a workplace retirement plan, and for businesses with fewer than 10 employees, that figure is nearly 73 percent, according [to the AARP](#).

The employer component is key because workers are 15 times more likely to save for retirement if they can do so through payroll deductions, according to an AARP study.

And there's a need to save --- 23 percent of retirees rely upon Social Security for 90 percent of their retirement income, though Social Security was never intended to be the sole source of income in retirement.

Today, more than 128,760 workers, many of whom never thought they could save for retirement, have set aside more than \$132.7 million through Illinois Secure Choice.

Lagomarcino's, a Moline confectionary, is one of the thousands of businesses facilitating employee participation in the program.

"Illinois Secure Choice provides an opportunity for our employees to save for retirement, which we love to see!" said Lisa Ambrose, whose family has run the business since 1908. "The setup of the program was fairly simple, especially given the excellent support I received throughout the process."

Illinois Secure Choice has sent out several rounds of notification emails and letters to Wave 5 employers, with more to come in October. The outreach effort has paid off, with a 37% increase in employer registrations since outreach efforts ramped up in July. Businesses that don't take action eventually could face the prospect of penalties assessed by the Illinois Department of Revenue.

What employers are required to do: Offer employees access to Illinois Secure Choice or another retirement program. Employers that are contacted by the program must either start the process of getting Illinois Secure Choice in place or request an exemption (for instance, if they already offer a qualified retirement plan for their workers).

Wave 5 has the largest number of employers at nearly 77,000 employers. More than 35,000 already are marked as exempt, according to the program administrator.

Eligible employers can register or request an exemption at [www.ilsecurechoice.com](http://www.ilsecurechoice.com).

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